	Approved OF Rale ase 20	DATE	INITIALS		
-	HR		<b></b>		(Security Classification
:			<del>                                     </del>		
4		<b></b>		CONTROL	NO.
TA	ACTION DIRECT REPLY APPROVAL DISPATCH	PREPA	RE REPLY		
C	COMMENT FILE	RETUR			
	CONCURRENCE INFORMATION ARKS:	SIGNA	TURE		
elitike di seco					
	those appro	oved fo	or the follo	t will be restricted owing specific ac NCE DAILY CAB	tivities:
	Tuesday 23	May	1978	CG NIDC 78	

**Top Secret** 

25)

## Approved For Release 2005/06/09 : CIA-RDP79T00975A030700010020-8

25X1

25X1

25X1

National Intelligence	e Daily Cable	e for Tuesday, 23 May 1978	
			25X <sup>-</sup>
	NID Cable is	s for the purpose of informing	
senior US officials.			

## CONTENTS

PERU:	General Strike Situation	Page 1
		Page 5

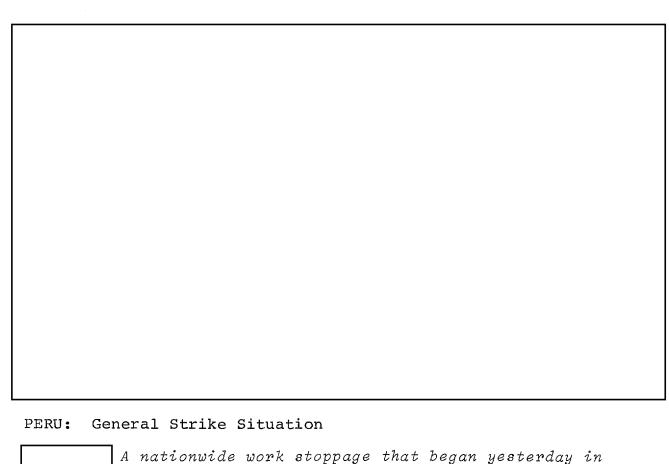
EL SALVADOR: Terrorist Kidnapings Page 5

WEST GERMANY: Stimulation Program Page 6

BRIEFS: Page 7

North Yemen Yugoslavia-CEMA Colombia

25X1



25X1 Peru has brought most of the country to a standstill, paralyzing perhaps as much as 75 percent of its economic activity. Demonstrations protesting stringent government austerity measures resulted in sporadic disturbances in Lima and throughout the countryside. A curfew was imposed yesterday, and security forces are bracing for possibly more serious violence today.

> The strike, which follows weeklong rioting over steep price increases on basic commodities, was particularly effective in halting transportation and banking activities. Key arteries into the capital were blocked, and scattered clashes occurred in outlying slum districts. Preliminary reports say two to four people were killed and many injured, but the final tally may be higher.

In the mining area of Huancavelica, south of Lima, workers with access to dynamite attempted to blow up electric transmitters and other key installations. Army troops are being flown into the area to assist police, and the situation is reported to be tense. Operations were normal in other mining districts, but further shutdowns are likely today.

Discontent with the military government of President Morales Bermudez will probably grow as demands mount for a solution to Peru's acute economic crisis.

25X1

25X1

Next 1 Page(s) In Document Exempt

:

under which the arrests were made, publication of the kidnapers'

manifesto, and a ransom of \$4 million.

25X1

25X1

Chancellor Schmidt and Finance Minister Matthoefer favor increased public spending over tax cuts; the Bundesbank is likely to support this policy. The majority of the institutes, however, recommend temporary tax cuts to energize the economy. The chairman of West Germany's Council of Economic Experts advocates tax relief.

to 2.5 percent from 3 percent last fall. Preliminary data for the first quarter of 1978 shows no growth. We believe a 2.5- to

3-percent growth is likely.

25X1 ,	Cabinet sessions next month will discuss the federal budget for 1979. The government is likely to opt for an increase in planned expenditures; additional programs could include more funds for energy conservation and low-cost housing. Matthoefer may recommend increased government financial support for research and development on alternative sources of energy and on antipollution technology.	25X1
	BRIEFS	
	North Yemen	
25X1	North Yemeni troops who moved into the country's southern province last weekend apparently forced the rebellious Abdallah al-Alim, who was formerly a Command Council member and paratroop commander, to flee to South Yemen. The troops encountered some resistance from Alim's supporters, but are now re-	25X6
25X6	ported to control the area.	
25X1	There was apparently no support for Alim from South Yemen-a possibility North Yemeni officials had feared. Alim's departure removes a major source of concern for President Ahmad al-Ghashmi, who can now concentrate on forming a new government.	-
25X1	ar-Ghashmir, who can now concentrate on rothling a new government.	
	Yugoslavia-CEMA	
25X1	Yugoslavia will receive the first credit ever granted to a nonmember country by the International Investment Bank of the Council for Mutual Economic Assistance. The credit will apparently be used to upgrade or expand a factory that produces equipment for the Yugoslav auto industry and for export to the USSR, East Germany, and Czechoslovakia.	
25X1	A CEMA council meeting in April approved the Yugoslav project and four others in Romania, Hungary, and Poland. The	

25X1

Approved Fdr Release 2005/06/09 : CIA-RDP79T00975A030700010020-8

investment bank	reportedly plans to raise a syndicated loan	
possibly on the	order of \$400 millionsome time this summer	
to help finance	one or more of these projects.	

25X1

## Colombia

(C) Widespread protests and strikes that followed the government announcement of increased transportation fares earlier this month are subsiding. The security forces have effectively contained the violence, which has been limited mainly to attacks on public transportation and official vehicles. Security patrols are nevertheless continuing in Bogota and other major cities. Tensions probably will ease in time to assure a peaceful presidential election on 4 June.

## Approved For Release 2005/06/09: CIA-RDP79T00975A030700010020-8 **Top Secret**

(Security Classification)